

MARKET ANALYSIS - September 12, 2002

Corn prices fell about 10 cents just before the USDA report came out on Thursday after prices rose 30 cents in the previous week. Why? Because general profit taking from such an increase is usually expected just before a big report. At first glance, it seemed as if the USDA numbers were friendly to corn. The US corn crop was lowered by 37 million bushels from 8.886 billion to 8.849 and ending stocks fell from 767 million last month to 729 million this month – all in all adding to a bullish trend. Also, this weeks corn export sales were positive at more than 1 million tons of new and old crop combined – approximately 100,000 over the topside estimates. Traders are also talking about the world stocks numbers. The USDA cut world corn ending stocks to 89.83 million metric tons, below trade estimates. The immediate reaction in the futures pit to all this was a slight drop in prices, however the longer-term market reaction remains to be seen but it is hard to imagine a continual drop. Local nearby basis fell (for the most) across the State but no region fell by the same amount that the futures jumped so we saw a nice gain here. Soybean futures saw a continual price increase leading up to the report simply due to uncertainty of the yield situation with an 11 cent increase the day before the report. Production was pegged at 2.656 million bushels slightly below average forecasts but 28 million more than lasts months guess. Ending stocks shrunk to 160 million bushels, down from 195 million bushels. Export sales were in the range of guesses at about 650,000 tons. Soybean funds were reportedly buyers of some 7500 contracts today before the report lifting the market. However, be warned – Sparks notes that the market may not have fully incorporated the fact that South American supplies are much greater than last year. Also, with such buying activity by funds the market is in a vulnerable situation if the reports don’t continue to exhibit bullish tones. Wheat continued its massive price advance this week and continued to be the darling of the grain pits. Minneapolis futures came in just shy of the \$5 mark! Continued optimism about exports is a large component of this rally and global production problems keeps this pace going. Last week saw a 40-cent price jump in Chicago. Hedgers in this market with puts should continue to roll up as these big leaps make the premiums cheaper on slightly higher strikes. The USDA report confirmed that wheat continues to shrink in supply – global ending stocks now at 135.45 million tons – down 3 million from August. U.S. ending stocks fell 60 million. The only bearish note (surprisingly) was that weekly export sales were below estimates – at 505,500 tons. It’s hard to imagine that is going to happen too often over the next few weeks.

BASIS TABLE

LOCATION	CORN BASIS		SOYBEAN BASIS		WHEAT BASIS	
	CASH (Sep02)	NEW (Dec02)	CASH (Sep02)	NEW(Nov02)	CASH(Sep02)	NEW(Jul03)
Baltimore	n/a	n/a	+\$ .11	-\$ .28	n/a	n/a
Western MD	+\$ .11	n/a	-\$ .25	n/a	-\$ .36	n/a
Central MD	+\$ .20	+\$ .08	-\$ .36	-\$ .33	-\$ .34	n/a
Southern MD	+\$ .17	+\$ .05	-\$ .23	-\$ .20	-\$ .32	-\$ .30
Upper E. Sh	+\$ .29	+\$ .18	-\$ .08	-\$ .17	-\$ .32	-\$ .25
Lower E. Sh	+\$ .39	+\$ .25	+\$ .01	-\$ .05	-\$ .31	-\$ .25

WEEKLY CROP WEATHER SUMMARYMARYLAND AGRICULTURAL STATISTICS

Maryland farmers had an average of 6.2 **days suitable for fieldwork** like harvesting corn. With more than half of the **corn** crop mature, many farmers began their harvest last week. Sixteen percent of the **corn for grain is harvested**, 10 percent more than the previous year, and 9 percent ahead of the five year average. Yields are expected to be significantly lower than last year due to the extremely dry conditions throughout the growing season. Showers also came too late for full season **soybeans**. Twenty-two percent are **shedding leaves**, 19 percent more than the previous year, and 16 percent ahead of the average. . Significant moisture fell on the Eastern shore early in the week with Wicomico County receiving 6.8 inches. Conversely, the Western part of the state received little to no rain, causing soil moisture and pasture conditions to decline. **Topsoil** for Maryland is rated 2 percent surplus, 50 percent adequate, 41 percent short, and 7 percent very short. Nineteen percent of **subsoil** is rated in adequate supply, 48 percent short, and 33 percent very short.

CASH GRAINS - REGIONAL - (\$/bu) DEALERS AVERAGE CASH QUOTES

Grade and Commodity	#2 Y Shelled Corn		#2 Yellow Soybeans		#2 Red Winter Wheat		#3 Barley	
	09/04	09/11	09/04	09/11	09/04	09/11	09/04	09/11
Baltimore	----	----	5.45	5.81	----	----	----	----
Western Md	2.85	2.92	5.37	5.67	3.43	3.80	1.47	1.55
Central MD	3.00	3.01	5.41	5.56	3.86	3.82	1.50	1.50
Southern MD	2.84	2.98	5.33	5.69	3.56	3.84	----	----
Upper E. Sh	2.96	3.10	5.63	5.84	3.56	3.84	----	----
Lower E. Sh	3.06	3.20	5.67	5.93	3.57	3.85	1.50	1.42

Soybean Meal		Lower Eastern Shore		Dealer's Average Cash Quotes (\$/ton)	
Date	09/04	09/11	Date	09/04	09/11
48% Soybean Meal	217.00	225.00	44% Soybean Meal	205.00	213.00

FORWARD CONTRACT PRICE-REGIONAL (\$/bu) For Harvest delivery Dealer's Avg Quote

Grade and Commodity	#2 Y Shelled Corn		#2 Yellow Soybeans		#2 Red Winter Wheat		#3 Barley	
	09/04	09/11	09/04	09/11	09/04	09/11	09/04	09/11
Baltimore	---	----	5.23	5.61	----	----	----	----
Western Md	----	----	----	----	----	----	----	----
Central MD	2.87	3.01	5.23	5.56	3.36	3.85	----	----
Southern MD	2.84	2.98	5.33	5.69	3.28	3.40	----	---
Upper E Shore	2.97	3.11	5.36	5.72	3.33	3.45	----	1.60
Lower E Shore	3.06	3.18	5.47	5.84	3.34	3.45	----	1.58

GRAIN FUTURES - Chicago Board of Trade (cents\$/bu) - Sept 11, 2002

Corn		Soybeans		Wheat		Soybean Meal <sup>1</sup>	
Sept	281.00	Sept	591.50	Sept	416.00	Sept	192.50
Dec	292.50	Nov	588.75	Dec	414.25	Oct	189.50
Mr03	298.00	Ja03	591.50	Mr03	418.50	Dec	189.10
May	299.75	Mar	590.50	May	396.25	Ja03	188.40
Jul	296.75	May	586.25	Jul	370.25	Mar	187.20
Sept	275.25	Jul	584.00	Sept	371.50	May	184.90

<sup>1</sup> \$/ton

HAY AND STRAW (\$/cwt)							
New Holland, PA - \$/ton - Sept 09, 2002 - 106 Loads -							
Alfalfa 73.00-190.00		Timothy 117.00-200.00		Mixed 80.00-205.00		Straw 70.00-110.00	
Orchardgrass 70.00-195.00		Ear Corn 120.00-125.00					
Westminster, MD - \$/bale - Sept 09, 2002 - 146 Lots							
Alfalfa 2.40-5.00		Timothy 1.00-4.20		Timothy - Lg Rd 12.00-20.00		Mixed 1.60-3.80	
Grass 1.20-3.70		Grass - Lg Rd 10.00-12.00		Straw 1.00-2.40		Mulch .05 - .25	
POULTRY (Grade A) - Week Ending Sept 14, 2002 Negotiated Price, cents/lbs							
		Current Week		Week Ago		Month Ago	
NY Wtd Avg. (Fryers)		49.30		48.50		47.08	
12-City Composite		56.41		56.19		55.55	
LAMBS - Westminster, MD - \$/cwt - Sept 10, 2002							
Good Ch 90-120 lbs		70.00-79.00		Medium Good 60-90 lbs		62.00-80.00	
125-140 lbs		69.00-77.00				Sheep - 21 Hd Few	
						22.50-35.00 49.00-51.00	
TERMINAL MARKETS HOGS - Sept 12, 2002				DIRECT MARKET HOGS - Westminster, MD-Sept 10, 2002			
Base Price Range (\$/cwt) a.m.		Carcass Basis Base 185 lb Hog		Sows (1-3) 300-449 lbs		1&3 220-260 lbs 20.00-23.00	
Eastern Cornbelt		30.00-37.10		9.00-18.33			
Iowa, Minn		32.86-44.04		11.00-19.02		Millsboro, DE Market Hogs - \$/cwt - Next Sale 09/17/02	
FEEDER PIGS - (\$/cwt)							
Gumboro, DE -  Next Sale 09/16/02				New Holland, PA - Sept 11, 2002 Head: 676 Trend: Small test of feeders sold fully steady. US2 22-32 lbs 25.00-27.00			
LIVE CATTLE FUTURES - Chicago Mercantile Exchange- (\$ cwt) - Sept 11, 2002				HOG FUTURES - Chicago Mercantile Exchange - (\$ cwt) - Sept 11, 2002			
Oct		69.15		Apr		72.80	
Dec		71.47		Jun		68.27	
Fb03		72.35		Aug		68.80	
Oct				35.07		Apr	
Dec				37.90		May	
Feb03				44.37		Jun	
						50.15	
						58.70	
						60.12	
STOCKER-FEEDER CATTLE - (\$/cwt)							
Winchester, VA - Sept 09, 2002				Westminster, MD - Sept 10, 2002			
Steers		200-400 lbs		102.00-91.50		Steers	
		400-500 lbs		82.50-90.00		200- 400 lbs	
		500-600 lbs		73.00-82.75		79.00- 94.00	
		600-700 lbs		69.00-74.00		400- 600 lbs	
		700-800 lbs		69.50-72.00		70.00- 82.00	
Heifers		300-400 lbs		76.25-86.50		600- 800 lbs	
		400-500 lbs		68.00-75.00		61.00- 69.00	
		500-600 lbs		66.00-74.00		800-1000 lbs	
		600-700 lbs		67.00-74.50		58.00- 61.00	
		700-800 lbs		69.00-71.00		300- 500 lbs	
		800-900 lbs		68.75-69.00		62.00- 72.00	
						500- 700 lbs	
						60.00- 69.00	
						94- 120 lbs	
						110.00-122.00	
						80.00-110.00	
						84- 92 lbs	
						50.00- 67.00	
						80-110 lbs	
						390.00-455.00	
						70- 90 lbs	
						150.00-300.00	
						80-120 lbs	
						95.00-117.00	
Lancaster, New Holland & Vintage - Week Ending - Sept 14, 2002							
Bull, Holstein		95-125 lbs		97.00-149.00		Plainer	
Heifers, Hols.		80-115 lbs		490.00-555.00		95-125 lbs	
						80.00-117.00	
						Plainer	
						93-100 lbs	
						450.00-500.00	
SLAUGHTER CATTLE (\$/cwt)							
Westminister, MD - Sept 11, 2002							
Fed Steers				Fed Heifers			
Ch		1150-1400 lbs		64.50-67.00		Ch	
Ch - 2 & 3				61.50-64.00		1000-1200 lbs	
Ch Hols		1200-1500 lbs		52.00-54.00		58.50-63.50	
Select				48.00-52.00		42.00-48.60	
Over		1600 lbs		47.00-49.00			
Cows				Veal Calves			
Breakers				36.00-41.00		Good	
Boners				34.00-37.00		82- 100 lbs	
Lean				39.00-33.00		35.00-45.00	
Thin				29.00-DOWN			
Lancaster, New Holland & Vintage - Week Ending - Sept 14, 2002							
Steers, Choice 2-3		1125-1460 lbs		62.75-66.00		Most steady	
Heifers, Choice 2-3		1190-1370 lbs		61.75-65.00		Few weaks on light test	
Cows, Breakers 75-80 pct lean				39.25-45.75		Fully steady -mostly \$.50 higher, w/few fleshier up to \$1 higher	
Bullocks, Select 1-2 few		1335-1445 lbs		48.50-52.00		No trend	
Bulls, YG-1		1070-1980 lbs		46.00-54.25		Steady to weak	
Vealer, Standard & Good		80- 125 lbs		25.00-40.00		Steady to firm	

For more information about this report, call 410-841-5740 or write:

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